



City
Manager's
Office

TO: City Council

FROM: L. Kimball Payne, City Manager
Bonnie Svrcek, Deputy City Manager

SUBJECT: Balancing the Budget

DATE: April 22, 2004

Attached for your discussion on Tuesday is a revised balance sheet based on your budget decisions of April 20, 2004.

This balance sheet outlines the two alternate proposals presented last week. The only difference between Alternate A and Alternate B is whether to increase Business Property Tax to \$4.00 (Alternate A) or reduce Personal Property from \$4.00 to \$3.95 and increase Business Property Tax to \$3.95 (Alternate B).

Also, please note that the \$298,000 in potential savings for Group Life Insurance has not been added to the balance due to the continued uncertainty of General Assembly actions.

Alternate A results in a balance of \$580,763 and Alternate B results in a balance of \$392,593. If Council chooses to increase the lodging tax a public hearing will have to be held.

Items for discussion are listed following the revised balance on the second page.

If there is any other information that staff can provide for you prior to the work session or at the work session, please let us know.

Thank you.

Attachments

c: Patricia Kost, Clerk of Council
Leadership Team
Donna Witt, Assistant Director of Financial Services

Balancing the Budget (April 27, 2004) (With Alternate proposals)	Revised April 13, 2004	Notes	Results of April 13, 2004 Work Session	Alternate A Proposal April 27, 2004 (Pers/Bus tax to \$4.00)	Alternate B Proposal April 27, 2004 (Pers/Bus tax to \$3.95)
FY 2005 Proposed Budget Revenues	\$ 128,107,461		\$ 128,107,461	\$ 128,107,461	\$ 128,107,461
Changes to Proposed Revenues					
NON-DEDICATED REVENUES					
General Property Taxes	\$ 128,468		\$ 128,468	\$ 128,468	\$ 128,468
Other Local Taxes	\$ 1,449,419	Includes raising personal property for vehicles to \$4.00 (\$1,431,700)	\$ 1,449,419	\$ 1,449,419	\$ 1,449,419
Permits, Fees and Licenses	\$ -		\$ -	\$ -	\$ -
Use of Money and Property	\$ (40,253)		\$ (40,253)	\$ (40,253)	\$ (40,253)
Charges for Services	\$ 448,727	Includes increased ambulance fees	\$ 448,727	\$ 448,727	\$ 448,727
Miscellaneous	\$ -		\$ -	\$ -	\$ -
State Non-Categorical Aid	\$ 205,711		\$ 205,711	\$ 205,711	\$ 205,711
Change in Non-Dedicated Revenues	\$ 2,192,072		\$ 2,192,072	\$ 2,192,072	\$ 2,192,072
DEDICATED REVENUES					
State Categorical Aid-Constitutional Offices	\$ 173,023	Based on information from the Compensation Board	\$ 173,023	\$ 173,023	\$ 173,023
State Categorical Aid-Intergovernmental	\$ -		\$ -	\$ -	\$ -
State Categorical Aid-Grants	\$ (150,000)	Budgeted incorrectly in the General Fund	\$ (150,000)	\$ (150,000)	\$ (150,000)
Change in Dedicated Revenues	\$ 23,023		\$ 23,023	\$ 23,023	\$ 23,023
TOTAL CHANGE IN REVENUES	\$ 2,215,096		\$ 2,215,096	\$ 2,215,096	\$ 2,215,096
TOTAL REVISED REVENUES	\$ 130,322,556		\$ 130,322,556	\$ 130,322,556	\$ 130,322,556
Alternate proposals					
A: Increase lodging tax from 5.5% to 6.5% plus the \$1.00/room per night				\$ 177,800	
B: Increase lodging tax from 5.5% to 6.5% plus the \$1.00/room per night					\$ 177,800
A: Increase admissions tax from 5% to 7% rather than the Manager's proposed from 5% to 10%				\$ (168,000)	
B: Increase admissions tax from 5% to 7% rather than the Manager's proposed from 5% to 10%					\$ (168,000)
A: Increase Business Personal Property from \$3.30 to \$4.00				\$ 630,000	
B: Increase Business Personal Property from \$3.30 to \$3.95					\$ 585,000
increase Personal Property from \$3.30 to \$3.95 (\$.45 increase from Manager's proposed of \$3.50)					\$ (143,170)
A: Increase meals tax from 6.0% to 6.5% rather than the Manager's proposed from 6.0% to 7.0%				\$ (626,720)	
B: Increase meals tax from 6.0% to 6.5% rather than the Manager's proposed from 6.0% to 7.0%					\$ (626,720)
A: Increase real estate from \$1.11 to \$1.14 rather than Manager's proposed from \$1.11 to \$1.18				\$ (1,262,000)	
B: Increase real estate from \$1.11 to \$1.14 rather than Manager's proposed from \$1.11 to \$1.18					\$ (1,262,000)
A: Revenue from General Relief				\$ -	
B: Revenue from General Relief					\$ -
REVISED REVENUES WITH ALTERNATE PROPOSALS				\$ 128,073,636	\$ 128,886,466

Balancing the Budget (April 27, 2004) (with Alternate proposals)			Results of April 13, 2004 Work Session	Alternate A Proposal April 27, 2004 (Pers/Bus tax to \$4.00)	Alternate B Proposal April 27, 2004 (Pers/Bus tax to \$3.95)
	Revised April 13, 2004	Notes			
FY 2003 Proposed Budget Expenditures	\$ 128,107,481		\$ 128,107,481	\$ 128,107,481	\$ 128,107,481
Changes to Proposed Expenditures					
April 13, 2004 City Council Actions					
City Council: Defer salary increase to future	N/A		\$ (27,508)	\$ (27,508)	\$ (27,508)
Public Works: Restore funding for safety picnic and meals for employees attending training events that extend beyond traditional meal times	N/A		\$ 4,400	\$ 4,400	\$ 4,400
CASA	N/A		\$ 10,557	\$ 10,557	\$ 10,557
GLTC (restore night service)	N/A	Based on increased fares	\$ 53,240	\$ 53,240	\$ 53,240
Legal Aid	N/A		\$ -	\$ -	\$ -
Central Virginia Area Agency on Aging	N/A		\$ -	\$ -	\$ -
April 13, 2004 City Council Action (Adjustments and Corrections)					
Salary supplement for Building Inspectors based on certification(s)	\$ 12,000		\$ 12,000	\$ 12,000	\$ 12,000
Correction: Reduce Police Cadet Program from 6 to 4 positions	\$ (55,000)		\$ (55,000)	\$ (55,000)	\$ (55,000)
Correction: Double Budgeted Neighborhood Coordinator Position	\$ (46,000)		\$ (46,000)	\$ (46,000)	\$ (46,000)
Adjustments to Council/Manager's Budget based on membership dues notification for the Virginia Municipal League (\$208), First Virginia Cities (\$6,159), Innovation Group (\$250)	\$ 6,617		\$ 6,617	\$ 6,617	\$ 6,617
Adjustments to Public Works: Overtime (Leaf Collection)	\$ -		\$ -	\$ -	\$ -
Overtime (Snow Removal)	\$ -		\$ -	\$ -	\$ -
Meals (Snow Removal)	\$ -		\$ -	\$ -	\$ -
<i>Public Works can absorb these costs with increased Highway Maintenance Funds</i>					
Adjustments to Constitutional Offices based on Compensation Board estimates	\$ 16,372	Change due to December 2003 salary adjustments included in proposed for all Constitutionals except Treasurer and Clerk of Court	\$ 16,372	\$ 16,372	\$ 16,372
Correction: Fleet Services Charges/Various Departments	\$ (4,284)		\$ (4,284)	\$ (4,284)	\$ (4,284)
Adjustment: Region 2000 Regional Commission Dues	\$ (4,026)		\$ (4,026)	\$ (4,026)	\$ (4,026)
Adjustment: Indigent Hospitalization	\$ 1,159		\$ 1,159	\$ 1,159	\$ 1,159
Adjustment: Debt Service savings due to lower interest rates	\$ -	Change due to revised interest rates	\$ -	\$ -	\$ -
Adjustment: General Fund transfer to City/Federal/State Aid	\$ (13,516)		\$ (13,516)	\$ (13,516)	\$ (13,516)
Correction: Parks and Recreation position	\$ (7,279)		\$ (7,279)	\$ (7,279)	\$ (7,279)
Adjustment: Restore Overtime: Police	\$ 115,000		\$ 115,000	\$ 115,000	\$ 115,000
Animal Warden	\$ 430		\$ 430	\$ 430	\$ 430
Emergency Communications	\$ 26,676		\$ 26,676	\$ 26,676	\$ 26,676
Fire	\$ 101,000		\$ 101,000	\$ 101,000	\$ 101,000
Opportunity House	\$ 2,000		\$ 2,000	\$ 2,000	\$ 2,000
Crossroads House	\$ 3,500		\$ 3,500	\$ 3,500	\$ 3,500
SPARC House	\$ 1,000		\$ 1,000	\$ 1,000	\$ 1,000
Special Events	\$ 60,000	Subtotal overtime = \$309,606	\$ 60,000	\$ 60,000	\$ 60,000
Adjustment: Salary savings in Billings and Collections due to turnover	\$ (12,166)		\$ (12,166)	\$ (12,166)	\$ (12,166)
Restore General Relief Funding	\$ -		\$ -	\$ -	\$ -
Restore Library Funding	\$ -		\$ -	\$ 141,240	\$ 141,240
REVISED EXPENDITURES 1/	\$ 128,310,944		\$ 128,351,833	\$ 128,492,873	\$ 128,492,873
REVISED BALANCE			\$ 1,970,923	\$ 580,763	\$ 392,583

Balancing the Budget (April 27, 2004) (with Alternate proposals)	Revised April 13, 2004	Notes	Results of April 13, 2004 Work Session	Alternate A Proposal April 27, 2004 (Pers/Bus tax to \$4.00)	Alternate B Proposal April 27, 2004 (Pers/Bus tax to \$3.95)
<u>Items for discussion by City Council</u>					
Museums: Additional funding for marketing	To be determined				
Fleet: Reduce fleet replacement	To be determined				
Commonwealth Attorney: Funding for salary increases	\$ 40,955				
Take-home vehicles	To be determined				
Schools	To be determined				
Community Market (special events and conversion of wage employees to full-time)	\$ 37,347				
Firefighter/EMS Compensation	\$ 800,000	Estimate			
Tourism/Chamber of Commerce	To be determined				
Business Personal Property Tax Revenue	\$.01/\$100 = \$9,000	\$.20 increase = \$180,000			
Revenue Enhancements (aka tax and fee adjustments)	To be determined				
1/ Does not include the \$298,000 that the City may save in FY 2005 if the General Assembly approves an Initiative to delay funding group life insurance for employees for another year.					

Balancing the Budget (April 27, 2004) <i>(with Alternate proposals)</i>	Revised April 13, 2004	Notes	Results of April 13, 2004 Work Session	Alternate A Proposal April 27, 2004 (Pers/Bus tax to \$4.00)	Alternate B Proposal April 27, 2004 (Pers/Bus tax to \$3.95)
FY 2005 Proposed Budget Revenues	\$ 128,107,461		\$ 128,107,461	\$ 128,107,461	\$ 128,107,461
Changes to Proposed Revenues					
NON-DEDICATED REVENUES					
General Property Taxes	\$ 128,468		\$ 128,468	\$ 128,468	\$ 128,468
Other Local Taxes	\$ 1,449,419	Includes raising personal property for vehicles to \$4.00 (\$1,431,700)	\$ 1,449,419	\$ 1,449,419	\$ 1,449,419
Permits, Fees and Licenses	\$ -		\$ -	\$ -	\$ -
Use of Money and Property	\$ (40,253)		\$ (40,253)	\$ (40,253)	\$ (40,253)
Charges for Services	\$ 448,727	Includes increased ambulance fees	\$ 448,727	\$ 448,727	\$ 448,727
Miscellaneous	\$ -		\$ -	\$ -	\$ -
State Non-Categorical Aid	\$ 205,711		\$ 205,711	\$ 205,711	\$ 205,711
Change in Non-Dedicated Revenues	\$ 2,192,072		\$ 2,192,072	\$ 2,192,072	\$ 2,192,072
DEDICATED REVENUES					
State Categorical Aid-Constitutional Offices	\$ 173,023	Based on information from the Compensation Board	\$ 173,023	\$ 173,023	\$ 173,023
State Categorical Aid-Intergovernmental	\$ -		\$ -	\$ -	\$ -
State Categorical Aid-Grants	\$ (150,000)	Budgeted incorrectly in the General Fund	\$ (150,000)	\$ (150,000)	\$ (150,000)
Change in Dedicated Revenues	\$ 23,023		\$ 23,023	\$ 23,023	\$ 23,023
TOTAL CHANGE IN REVENUES	\$ 2,215,095		\$ 2,215,095	\$ 2,215,095	\$ 2,215,095
TOTAL REVISED REVENUES	\$ 130,322,556		\$ 130,322,556	\$ 130,322,556	\$ 130,322,556
Alternate proposals					
A: Increase lodging tax from 5.5% to 6.5% plus the \$1.00/room per night				\$ 177,800	
B: Increase lodging tax from 5.5% to 6.5% plus the \$1.00/room per night					\$ 177,800
A: Increase admissions tax from 5% to 7% rather than the Manager's proposed from 5% to 10%				\$ (168,000)	
B: Increase admissions tax from 5% to 7% rather than the Manager's proposed from 5% to 10%					\$ (168,000)
A: Increase Business Personal Property from \$3.30 to \$4.00				\$ 630,000	
B: Increase Business Personal Property from \$3.30 to \$3.95					\$ 585,000
Increase Personal Property from \$3.30 to \$3.95 (\$.45 increase from Manager's proposed of \$3.50)					\$ (143,170)
A: Increase meals tax from 6.0% to 6.5% rather than the Manager's proposed from 6.0% to 7.0%				\$ (626,720)	
B: Increase meals tax from 6.0% to 6.5% rather than the Manager's proposed from 6.0% to 7.0%					\$ (626,720)
A: Increase real estate from \$1.11 to \$1.14 rather than Manager's proposed from \$1.11 to \$1.18				\$ (1,262,000)	
B: Increase real estate from \$1.11 to \$1.14 rather than Manager's proposed from \$1.11 to \$1.18					\$ (1,262,000)
A: Revenue from General Relief				\$ -	
B: Revenue from General Relief					\$ -
REVISED REVENUES WITH ALTERNATE PROPOSALS				\$ 129,073,636	\$ 128,885,466

Balancing the Budget (April 27, 2004) <i>(with Alternate proposals)</i>			Results of April 13, 2004	Alternate A Proposal April 27, 2004	Alternate B Proposal April 27, 2004	
	Revised April 13, 2004	Notes	Work Session	(Pers/Bus tax to \$4.00)	(Pers/Bus tax to \$3.95)	
FY 2005 Proposed Budget Expenditures	\$ 128,107,461		\$ 128,107,461	\$ 128,107,461	\$ 128,107,461	
Changes to Proposed Expenditures						
April 13, 2004 City Council Actions						
City Council: Defer salary increase to future	N/A		\$ (27,508)	\$ (27,508)	\$ (27,508)	
Public Works: Restore funding for safety picnic and meals for employees attending training events that extend beyond traditional meal times	N/A		\$ 4,400	\$ 4,400	\$ 4,400	
CASA	N/A		\$ 10,557	\$ 10,557	\$ 10,557	
GLTC (restore night service)	N/A	Based on increased fares	\$ 53,240	\$ 53,240	\$ 53,240	
Legal Aid	N/A		\$ -	\$ -	\$ -	
Central Virginia Area Agency on Aging	N/A		\$ -	\$ -	\$ -	
April 13, 2004 City Council Action (Adjustments and Corrections)						
Salary supplement for Building Inspectors based on certification(s)	\$ 12,000		\$ 12,000	\$ 12,000	\$ 12,000	
Correction: Reduce Police Cadet Program from 6 to 4 positions	\$ (55,000)		\$ (55,000)	\$ (55,000)	\$ (55,000)	
Correction: Double Budgeted Neighborhood Coordinator Position	\$ (46,000)		\$ (46,000)	\$ (46,000)	\$ (46,000)	
Adjustments to Council/Manager's Budget based on membership dues notification for the Virginia Municipal League (\$208), First Virginia Cities ((\$6,159), Innovation Group (\$250)	\$ 6,617		\$ 6,617	\$ 6,617	\$ 6,617	
Adjustments to Public Works: Overtime (Leaf Collection)	\$ -		\$ -	\$ -	\$ -	
Overtime (Snow Removal)	\$ -		\$ -	\$ -	\$ -	
Meals (Snow Removal)	\$ -		\$ -	\$ -	\$ -	
<i>Public Works can absorb these costs with increased</i>						
Highway Maintenance Funds						
Adjustments to Constitutional Offices based on Compensation Board estimates	\$ 16,372	Change due to December 2003 salary adjustments included in proposed for all Constitutionals except Treasurer and Clerk of Court	\$ 16,372	\$ 16,372	\$ 16,372	
Correction: Fleet Services Charges/Various Department	\$ (4,284)		\$ (4,284)	\$ (4,284)	\$ (4,284)	
Adjustment: Region 2000 Regional Commission Dues	\$ (4,026)		\$ (4,026)	\$ (4,026)	\$ (4,026)	
Adjustment: Indigent Hospitalization	\$ 1,159		\$ 1,159	\$ 1,159	\$ 1,159	
Adjustment: Debt Service savings due to lower interest rates	\$ -	Change due to revised interest rates	\$ -	\$ -	\$ -	
Adjustment: General Fund transfer to City/Federal/State Aid	\$ (13,516)		\$ (13,516)	\$ (13,516)	\$ (13,516)	
Correction: Parks and Recreation position	\$ (7,279)		\$ (7,279)	\$ (7,279)	\$ (7,279)	
Adjustment: Restore Overtime: Police	\$ 115,000		\$ 115,000	\$ 115,000	\$ 115,000	
Animal Warden	\$ 430		\$ 430	\$ 430	\$ 430	
Emergency Communications	\$ 26,676		\$ 26,676	\$ 26,676	\$ 26,676	
Fire	\$ 101,000		\$ 101,000	\$ 101,000	\$ 101,000	
Opportunity House	\$ 2,000		\$ 2,000	\$ 2,000	\$ 2,000	
Crossroads House	\$ 3,500		\$ 3,500	\$ 3,500	\$ 3,500	
SPARC House	\$ 1,000		\$ 1,000	\$ 1,000	\$ 1,000	
Special Events	\$ 60,000	Subtotal overtime = \$309,606	\$ 60,000	\$ 60,000	\$ 60,000	
Adjustment: Salary savings in Billings and Collections due to turnover	\$ (12,166)		\$ (12,166)	\$ (12,166)	\$ (12,166)	
Restore General Relief Funding	\$ -		\$ -	\$ -	\$ -	
Restore Library Funding	\$ -		\$ -	\$ 141,240	\$ 141,240	
REVISED EXPENDITURES 1/	\$ 128,310,944		\$ 128,351,633	\$ 128,492,873	\$ 128,492,873	
REVISED BALANCE			\$ 1,970,823	\$ 580,763 1/	\$ 392,593 1/	

Balancing the Budget (April 27, 2004)			Results of	Alternate A Proposal	Alternate B Proposal	
(with Alternate proposals)	Revised		April 13, 2004	April 27, 2004	April 27, 2004	
	April 13, 2004	Notes	Work Session	(Pers/Bus tax to \$4.00)	(Pers/Bus tax to \$3.95)	
<u>Items for discussion by City Council</u>						
Museums: Additional funding for marketing	To be determined					
Fleet: Reduce fleet replacement	To be determined					
Commonwealth Attorney: Funding for salary increases	\$ 40,955					
Take-home vehicles	To be determined					
Schools	To be determined					
Community Market (special events and conversion of wage employees to full-time)	\$ 37,347					
Firefighter/EMS Compensation	\$ 800,000	Estimate				
Tourism/Chamber of Commerce	To be determined					
Business Personal Property Tax Revenue	\$.01/\$100 = \$9,000	\$.20 increase = \$180,000				
Revenue Enhancements (aka tax and fee adjustments)	To be determined					
1/ Does not include the \$298,000 that the City may save in FY 2005 if the General Assembly approves an initiative to delay funding group life insurance for employees for another year.						